

AMENDED IN SENATE SEPTEMBER 4, 2003

AMENDED IN SENATE AUGUST 25, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY MARCH 25, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 977**

**Introduced by Assembly Member Longville**

February 20, 2003

---

---

An act to add Sections 20035.4, 20035.5, and 22825.12 to the Government Code, relating to state employees, ~~and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 977, as amended, Longville. State employees: memoranda of understanding: State Bargaining Units 16, ~~18~~, and 19.

(1) Existing law provides that if any provision of a memorandum of understanding reached between the state employer and a recognized employee organization representing state civil service employees requires the expenditure of funds, those provisions of the memorandum of understanding shall not become effective unless approved by the Legislature in the annual Budget Act.

This bill would approve provisions that require the expenditure of funds of memoranda of understanding entered into between the state employer and each of the following recognized employee organizations: State Bargaining Unit 16, the Union of American Physicians and Dentists, and State Bargaining Unit 19, the American

Federation of State, County, and Municipal Employees, and would provide that the provisions of any memorandum of understanding that require the expenditure of funds shall become effective even if the provisions of the memorandum of understanding are approved by the Legislature in legislation other than the annual Budget Act.

This bill would provide that provisions of the memoranda of understanding approved by this bill that require the expenditure of funds shall not take effect unless funds for these provisions are specifically appropriated by the Legislature, and would provide that if funds for these provisions are not specifically appropriated by the Legislature, the state employer, and the affected employee organization shall meet and confer to renegotiate the affected provisions.

(2) The Public Employees' Retirement Law defines "final compensation," for purposes of calculating retirement benefits, as the highest annual average compensation earnable by the member during a designated 12-month period.

Under this bill, the calculation of "final compensation" for a member in State Bargaining Unit 16 or 19 would include the compensation the member would have earned effective July 1, 2003, if a specified 5% reduction had not occurred.

(3) The Public Employees' Hospital and Medical Care Act provides that the employer's contribution for health benefits for represented state employees shall be determined through the collective bargaining process subject to funding in the annual Budget Act.

Under this bill, from January 1, 2004, to December 31, 2005, inclusive, the employer's contribution for health benefits for employees in State Bargaining Units 16 and 19 would be 80% of the weighted average for health benefits plan premiums for active state civil service employees enrolled for self alone plus 80% of the weighted average for additional premiums for family members. Thereafter, the employer's contribution for those employees would be 85% of that weighted average for self alone plus 80% of that weighted average for family members.

~~(4) The bill would also declare that it is to take effect immediately as an urgency statute.~~

Vote:  $\frac{2}{3}$  majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares that the  
2 purpose of this act is to approve agreements pursuant to Section  
3 3517 of the Government Code entered into by the state employer  
4 and recognized employee organizations.

5 SEC. 2. The provisions of the memoranda of understanding  
6 prepared pursuant to Section 3517.5 of the Government Code and  
7 entered into by the state employer and the following employee  
8 organizations, and that require the expenditure of funds, are  
9 hereby approved for the purposes of Section 3517.6 of the  
10 Government Code:

11 (a) State Bargaining Unit 16, the Union of American  
12 Physicians and Dentists.

13 (b) State Bargaining Unit 19, the American Federation of State,  
14 County, and Municipal Employees.

15 SEC. 3. The provisions of the memoranda of understanding  
16 approved by Section 2 of this act that are scheduled to take effect  
17 on or after July 1, 2003, and that require the expenditure of funds,  
18 shall not take effect unless funds for these provisions are  
19 specifically appropriated by the Legislature. In the event that funds  
20 for these provisions are not specifically appropriated by the  
21 Legislature, the state employer and the affected employee  
22 organization shall meet and confer to renegotiate the affected  
23 provisions.

24 SEC. 4. Notwithstanding Section 3517.6 of the Government  
25 Code, the provisions of any memorandum of understanding that  
26 require the expenditure of funds shall become effective even if the  
27 provisions of the memorandum of understanding are approved by  
28 the Legislature in legislation other than the annual Budget Act.

29 SEC. 5. Section 20035.4 is added to the Government Code, to  
30 read:

31 20035.4. Notwithstanding Sections 20035 and 20037, “final  
32 compensation” for the purpose of determining any pension or  
33 benefit with respect to a member who retires or dies on or after July  
34 1, 2003, who was a member of State Bargaining Unit 16, and  
35 whose monthly salary range that was to be effective July 1, 2003,  
36 was reduced by 5 percent pursuant to a memorandum of  
37 understanding entered during the 2003–04 fiscal year, “final  
38 compensation” means the highest annual compensation the

1 member would have earned as of July 1, 2003, if that 5 percent  
2 reduction had not occurred. This subdivision shall only apply if the  
3 period during which the member's salary was reduced would have  
4 otherwise been included in determining his or her final  
5 compensation. The increased costs, if any, that may result from the  
6 application of the definition of "final compensation" provided in  
7 this section shall be paid by the employer in the same manner as  
8 other retirement benefits are funded.

9 SEC. 6. Section 20035.5 is added to the Government Code, to  
10 read:

11 20035.5. Notwithstanding Sections 20035 and 20037, "final  
12 compensation" for the purpose of determining any pension or  
13 benefit with respect to a member who retires or dies on or after July  
14 1, 2003, who was a member of State Bargaining Unit 19, and  
15 whose monthly salary range that was to be effective July 1, 2003,  
16 was reduced by 5 percent pursuant to a memorandum of  
17 understanding entered during the 2003-04 fiscal year, "final  
18 compensation" means the highest annual compensation the  
19 member would have earned as of July 1, 2003, if that 5 percent  
20 reduction had not occurred. This subdivision shall only apply if the  
21 period during which the member's salary was reduced would have  
22 otherwise been included in determining his or her final  
23 compensation. The increased costs, if any, that may result from the  
24 application of the definition of "final compensation" provided in  
25 this section shall be paid by the employer in the same manner as  
26 other retirement benefits are funded.

27 SEC. 7. Section 22825.12 is added to the Government Code,  
28 to read:

29 22825.12. (a) Notwithstanding Section 22825.1, subdivision  
30 (b) of Section 22825.15, or any other provision of this article, the  
31 employer's contribution with respect to employees in State  
32 Bargaining Unit 16 and State Bargaining Unit 19 shall be as  
33 described in paragraphs (1) and (2). To be eligible for this  
34 contribution, the employee must be enrolled in an approved health  
35 benefits plan.

36 (1) From January 1, 2004, to December 31, 2005, inclusive, the  
37 employer's contribution for each employee shall be an amount  
38 equal to 80 percent of the weighted average of the basic health  
39 benefits plan premium for an active state civil service employee  
40 enrolled for self-alone, during the benefit year to which the

formula is applied, for the four basic health benefits plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year. For each employee with enrolled family members, the employer shall contribute an additional 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four basic health benefits plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.

(2) From and after January 1, 2006, the employer's contribution for each employee shall be an amount equal to 85 percent of the weighted average of the basic health benefits plan premium for an active state civil service employee enrolled for self-alone, during the benefit year to which the formula is applied, for the four basic health benefits plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year. For each employee with enrolled family members, the employer shall contribute an additional 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four basic health benefits plans that had the largest active state civil service enrollment, excluding family members, during the previous benefit year.

(b) The employer is not obligated to make a contribution under this section for any employee unless and until the effective date of the employee's enrollment in an approved health benefits plan.

(c) The contribution of each employee and annuitant under this section shall be the total cost per month of the benefit coverage afforded him or her under the plan or plans less the portion thereof to be contributed by the employer.

(d) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5 or Chapter 12 (commencing with Section 3560) of Division 4 of Title 1, the memorandum of understanding shall be controlling without further legislative action, except that if those provisions of a memorandum of understanding require the expenditure of funds, the provisions may not become effective unless approved by the Legislature in the annual Budget Act.

1     ~~SEC. 8. This act is an urgency statute necessary for the~~  
2     ~~immediate preservation of the public peace, health, or safety~~  
3     ~~within the meaning of Article IV of the Constitution and shall go~~  
4     ~~into immediate effect. The facts constituting the necessity are:~~

5     ~~In order for the provisions of this act to be applicable as soon as~~  
6     ~~possible in the 2003-04 fiscal year, and thereby facilitate the~~  
7     ~~orderly administration of state government at the earliest possible~~  
8     ~~time, it is necessary that this act take effect immediately.~~

